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THOMAS J. MOORMAN  
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*ADMITTED TO PRACTICE ONLY IN THE DISTRICT OF COLUMBIA*

WASHINGTON OFFICE  
SUITE 310  
5151 WISCONSIN AVENUE, N.W.  
WASHINGTON, D.C. 20016-4124  
TELEPHONE 202-944-9500  
FAX 202-944-9501

PLEASE RESPOND TO WASHINGTON ADDRESS

June 29, 2017

***VIA ECFS***

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

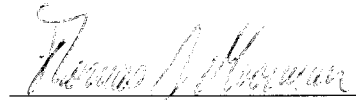
**Re: WC Docket No. 14-58  
Submission of FCC Form 481 for  
Armstrong Telephone Company – New York (Study Area Code 150071)**

Dear Ms. Dortch:

Attached for electronic filing is a copy of the public version of the FCC Form 481 of Armstrong Telephone Company – New York (the “Company”) in response to the requirements of Section 54.313.

Please direct any questions concerning this matter to the undersigned.

Respectfully submitted,



Thomas J. Moorman  
Counsel to Armstrong Telephone Company – New York

Attachment

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Carrie Curtis
<035>	Contact Telephone Number: Number of the person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address: Email of the person identified in data line <030>	ccurtis@agoc.com
	Form Type	54.313 and 54.422

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<210> For the prior calendar year, were there any reportable voice service outages?

[illegible]

<b>(300) Unfulfilled Service Request Data Collection Form</b>		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	
<010> Study Area Code	150071		
<015> Study Area Name	ARMSTRONG TEL CO-NY		
<020> Program Year	2018		
<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis		
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380		
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com		
<300> Unfulfilled service request (voice)	0		
<310> Detail on attempts (voice)			
<320> Unfulfilled service request (broadband)	0		
<330> Detail on attempts (broadband)			

Name of Attached Document

Name of Attached Document

(400) Number of Complaints per 1,000 customers  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	158071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.583
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@aagoc.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
		150071ny510.pdf
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

**(600) Functionality in Emergency Situations  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	150071ny610.pdf





(710) Broadband Price Offerings  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
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<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

[illegible]

## FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

[illegible]

(900) Tribal Lands Reporting  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50360
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

## (1000) Voice and Broadband Service Rate Comparability

## Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

&lt;1000&gt; Voice services rate comparability certification

Yes

&lt;1010&gt; Attach detailed description for voice services rate comparability compliance

150071ny1010.pdf

Name of Attached Document

&lt;1020&gt; Broadband comparability certification

Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

&lt;1030&gt; Attach detailed description for broadband comparability compliance

150071ny1030.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

&lt;1100&gt; Certify whether terrestrial backhaul options exist (Y/N)

Yes

&lt;1130&gt; Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

150071ny1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP agoc.com

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒

<1222> Details on the number of minutes provided as part of the plan, ☒

<1223> Additional charges for toll calls, and rates for each such plan. ☒

**(2005) Price Cap Carrier Additional Documentation****Data Collection Form***Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
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<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b), (c), (d), (e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund, WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing  
Required Information

Name of Attached Document Listing  
Required Information

**(2005) Price Cap Carrier Additional Documentation**  
**Data Collection Form**  
*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

<2016> Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

Name of Attached Document Listing  
Required Information



<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
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<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)	
(3010A)	Certification of Public Interest Obligations (47 CFR § 54.313(f)(1)(i))	Yes - Attach Certification
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information
(3012A)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))	No - No New Community Anchors
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information
(3013)	Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))	(Yes/No) <input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No) <input type="radio"/> <input checked="" type="radio"/>
(3015)	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:	(Yes/No) <input checked="" type="radio"/> <input type="radio"/>
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:	<input checked="" type="checkbox"/>
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.	<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information

## (3005) Rate Of Return Carrier Additional Documentation (Continued)

## Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	150071
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<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@goc.com

## Financial Data Summary

(3027) Revenue	4025883
(3028) Operating Expenses	5355241
(3029) Net Income	-1329358
(3030) Telephone Plant In Service(TPIS)	1604182
(3031) Total Assets	2506522
(3032) Total Debt	2897365
(3033) Total Equity	-390843
(3034) Dividends	0

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
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<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoo.com

**4005 Rural Broadband Experiment**

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

**Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)**

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

**Community Anchor Institutions – FCC 14-98 (paragraph 79)**

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

**4003b.** Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

**Broadband Deployment Locations – FCC 14-98 (paragraph 80)**

**4004a.** Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

**4004b.** Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

**Certification - Reporting Carrier  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010> Study Area Code	150071
<015> Study Area Name	ARMSTRONG TEL CO-NY
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<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: ARMSTRONG TEL CO-NY	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/26/2017
Printed name of Authorized Officer: Mark Rankin	
Title or position of Authorized Officer: VP Financial Reporting	
Telephone number of Authorized Officer: 7242830925 ext. 50243	
Study Area Code of Reporting Carrier: 150071	Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	150071
<015> Study Area Name	ARMSTRONG TEL CO-NY
<020> Program Year	2018
<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent Firm: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Name of Authorized Agent Employee: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

FCC Form 481  
OMB Control  
July 2013

Single state-wide

<703>

[illegible]

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

[illegible]



OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	150071
<015>	Study Area Name	ARMSTRONG TEL CO-NY
<020>	Program Year	2018
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<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com
<810>	Reporting Carrier	Armstrong Tel Co-NY
<811>	Holding Company	Armstrong Holdings, Inc.
<812>	Operating Company	Armstrong Tel Co-NY

[illegible]

Response Line 510  
Armstrong Telephone Company – New York  
Study Area 150071

**§54.313(a)(5) – COMPLIANCE WITH SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION**

**Voice Network**

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Armstrong Telephone Company – New York (“Armstrong”) is in compliance with appropriate FCC Service Quality Standards and Consumer Protection Rules. Armstrong provides CPNI training to all of its new employees and in addition trains all of its existing employees on an annual basis. Armstrong also conducts subscriber outreach regarding CPNI by placing CPNI explanation onto its website at [www.agoc.com](http://www.agoc.com) which informs subscribers about CPNI rules and other applicable customer rights and obligations. In addition Armstrong trains staff on Red Flag issues on an annual basis. All company employees are required to sign and acknowledge that they have completed CPNI and Red Flag training and understand obligations to adherence of applicable rules.

Armstrong also outlines its rates, terms, and conditions under which Armstrong offers service in its Local Exchange Tariff. The tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. Armstrong keeps its tariffs available for public inspection at its business offices.

**Broadband Network**

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Armstrong is in compliance with applicable FCC Service Quality Standards and Consumer Protection Rules. Armstrong trains staff on applicable rules for broadband services issues on an annual basis. In addition Armstrong has placed on its website at [www.agoc.com](http://www.agoc.com) its network practices and policies regarding FCC’s Net Neutrality Rules.

Armstrong also outlines its rates, terms, and conditions under which Armstrong offers Broadband service in National Exchange Carrier Association, Inc. (“NECA”) Tariff #5 to Internet Service Providers (“ISPs” or an “ISP”). The Tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. Public inspection of NECA Tariff #5 can be found on NECA’s website. Retail DSL rates, terms, and conditions for retail services are provided by the ISP.

Response Line 610  
Armstrong Telephone Company – New York  
Study Area 150071

**§54.313(a)(6) – ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

**Voice Network**

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Armstrong Telephone Company – New York (“Armstrong”) meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to Armstrong’s central office by use of a generator and batteries that provide to provide emergency power. Armstrong has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. Armstrong also has proper staff in place to repair any fiber cuts in a timely manner. Armstrong has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. Armstrong has developed and trained its staff on network preparedness plans in case of emergency situations. Armstrong is prepared and capable of managing traffic spikes resulting from emergency situations and has sufficient switching capabilities to handle such situations.

**Broadband Network**

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Armstrong Telephone Company – New York (“Armstrong”) meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to Armstrong central offices by use of a generator and batteries that provide it with 8 to 12 hours of emergency power that is also used to provide service to the broadband network. In addition, Armstrong field electronics have 8 to 12 hours of back-up power by use of generators and batteries. Armstrong has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. Armstrong also has proper staff in place to repair any fiber cuts in a timely manner. Armstrong has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. Armstrong has developed and trained its staff on network preparedness plans in case of emergency situations.

Response to Line 1010  
Armstrong Telephone Company – New York  
Study Area 150071

### Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Armstrong Telephone Company – New York (the “Company”) is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$49.51 as specified in Public Notice DA 17-167 issued on February 14, 2017. The Company’s current total local end-user rate<sup>1</sup> of \$23.00 (which includes a local fee of \$23.00, mandated state fees of 0.00 and mandatory extended area service charges of \$0.00) is not above the standard deviation as specified in the USF/ICC Transformation Order.<sup>2</sup>

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<sup>1</sup> Local End User Rate as defined in USF/ICC Transformation Order 26 FCC Rcd at 17751, Para. 238

<sup>2</sup> USF/ICC Transformation Order, 26 FCC Rcd at 17694, Para. 84 (footnote included) “The standard deviation is a measure of dispersion. The sample standard deviation is the square root of the sample variance. The sample variance is calculated as the sum of the squared deviations of the individual observations in the sample of data from the sample average divided by the total number of observations in the sample minus one. In a normal distribution, about 68 percent of the observations lie within one standard deviation above and below the average and about 95 percent of the observations lie within two standard deviations above and below the average.”

Response to Line 1030  
Armstrong Telephone Company – New York  
Study Area 150071

**§54.313(a)(11) – BROADBAND SERVICES COMPARABILITY REPORT**

Pursuant to 47 C.F.R. § 54.313 (a) (11) Armstrong Telephone Company – New York charges a residential rate of \$44.95 for broadband providing 10 Mbps download, 1 Mbps upload, and an unlimited usage allowance. This rate is lower than \$77.98, which is the 2017 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.<sup>1</sup>

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, Public Notice, WC Docket No. 10-90, DA 17-167 (rel. February 14, 2017).

P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9  
Second Revised Page 3  
Superseding First Revised Page 3

SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE

1. Lifeline Telephone Service Options

a. Description

1. Lifeline Discounted Service

This service provides a flat rate federal discount of \$9.25, consisting of a \$6.50 reduction of the Federal Subscriber Line Charge and a \$2.75 reduction in the monthly rate for local exchange telephone service for residential customers. Qualified customers may choose any type or grade of local telephone service, including bundled services that are normally offered by the Company. (C)

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1 A. Additional Lifeline Discount

This service provides the discount as outlined in A.1.a.1 above and may provide an additional discount equal to the serving company's increase in residential basic local exchange service, as authorized by the NYS Department of Public Service in Case No. 07-C-0349, released March 4, 2008, whereby the NY Commission authorized certain companies to increase basic local service rates up to \$2.00 per year for 2 years. The discount can be found on Addendum 1 of the individual Company tariff for those companies offering the Additional Lifeline Discount.

Date Issued: May 30, 2012

Date Effective: July 1, 2012

Issued by: Caroline Hill, Director Tariffs

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany, NY 12210

P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9  
First Revised Page 4.1  
Superseding Original Page 4.1

SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE (cont'd)

2. Regulations

- a. These services are restricted to low income residential customers. To qualify for Lifeline service a customer must certify and provide documentation as income eligible. For a consumer to be eligible under the income requirements, the consumer's household income as defined in § 54.400(f) of the FCC Rules must be at or below 135% of the Federal Poverty Guidelines for a household of that size or a recipient of benefits from any one of the following Entitlement Programs: (C)
1. Medicaid; (C)
  2. Supplemental Nutrition Assistance Program (SNAP) F/K/A Food stamps;
  3. Supplemental Security Income;
  4. Federal Public Housing Assistance (Section 8);
  5. Low-Income Home Energy Assistance Program (LIHEAP);
  6. National School Lunch Program's free lunch program;
  7. Temporary Assistance for Needy Families/SafetyNet; (C)
  8. Veterans Disability Pension
  9. Veterans Surviving Spouse Pension

*Issued in Compliance with FCC Order in Dockets: WC Docket No. 11-42, WC Docket No. 03-109, CC  
Docket No. 96-45, WC Docket No. 12-23*

Date Issued: May 30, 2012

Date Effective: July 1, 2012

Issued by: Robert R. Puckett, President

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany 12211

P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9

First Revised Page 4

Superseding Original Page 4

SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE (cont'd)

1. Lifeline Telephone Service Options (cont'd)

b. General

Qualified customers may choose to apply the federal Lifeline credit to any of the company's local service offerings, including any local bundled service offering, basic local service, or message rate service. Message rate Lifeline service is available only where central office facilities permit.

For connection of new service, service connection charges apply unless the customer qualifies for connection assistance under the Tribal Lands Link Up program.

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(C)

Service connection charges do not apply to change existing service from:

1. Message or flat rate services to Lifeline service.
2. Lifeline service to non-Lifeline services.

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*Issued in Compliance with FCC Order in Dockets: WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23*

Date Issued: March 29, 2012

Date Effective: April 29, 2012

Issued by: Robert R. Puckett, President

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany, NY 12211



P.S.C. No. 2 - Telephone

New York State Telecommunications Association, Inc.

Section 9  
First Revised Page 5  
Superseding Original Page 5

SPECIAL EQUIPMENT, SERVICES, AND PROGRAMS

A. LIFELINE TELEPHONE SERVICE (cont'd)

2. Regulations (cont'd)

b. The Lifeline discount is effective upon receipt of a completed form of eligibility. If the form is not returned, no further action is taken by the Company to establish eligibility.

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c. The Company, in coordination with appropriate agencies and the Lifeline Customer, will require Lifeline customers to be re-certified, on an annual basis. Lifeline customers will need to certify that they continue to be eligible to receive these Lifeline benefits and that they are not receiving benefits from another company. If a customer is identified as being ineligible, the customer will be notified that unless the information is shown to be in error, the Lifeline discount will be discontinued. The customer will be billed for discounts received for the time that they were proven to be ineligible for the service.

(C)

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3. Locality Charge Waiver

Customers receiving Lifeline Telephone Service will have applicable locality charges waived each month while they are receiving the Lifeline Assistance.

4. Voluntary Toll Blocking (Restriction)

Customers receiving Lifeline service can voluntarily request and receive toll blocking (call restriction), third number billing/collect call restriction without a monthly charge. There will be no record order charge to add these types of restrictions (blocking).

*Issued in Compliance with FCC Order in Dockets: WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23*

Date Issued: March 29, 2012

Date Effective: April 29, 2012

Issued by: Robert R. Puckett, President

NYSTA, Inc., 20 Corporate Woods Boulevard, Albany, NY 12211

Response to Line3010  
Armstrong Telephone Company – New York  
Study Area 150071

#### Milestone Certification

Pursuant to 47 C.F.R. § 54.202(a) Armstrong Telephone Company – New York (the “Company”) provides this certification that it is taking reasonable steps to provide upon reasonable request broadband speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to offerings in urban areas as determined in an annual survey as specified in Public Notice DA 17-167, and that requests for such service are met within a reasonable amount of time. Details for how the Company is meeting its obligations for meeting its goals and required obligations are specified within the FCC Form 481 annual filing.



Report of Independent Auditors  
and Financial Statements for

Armstrong Telephone Company –  
New York, Inc.

September 30, 2016 and 2015

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Armstrong Telephone Company – New York, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Armstrong Telephone Company – New York, Inc. (Company), which comprise the balance sheets as of September 30, 2016 and 2015, and the related statements of operations, stockholder's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**REPORT OF INDEPENDENT AUDITORS**  
**(continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Armstrong Telephone Company – New York, Inc. as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Moss Adams LLP*

Spokane, Washington

January 10, 2017

**ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**  
**BALANCE SHEETS**

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**ASSETS**

	September 30,	
	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 326,644	\$ 236,260
Subscriber accounts receivable, net of allowance of \$8,392 in 2016 and \$8,260 in 2015	112,476	94,935
Other accounts receivable, net of allowance of \$2,671 in 2016 and \$4,164 in 2015	289,046	250,812
Material and supplies	82,909	46,385
Other current assets	91,265	109,515
	<u>902,340</u>	<u>737,907</u>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Telecommunications plant in service	10,841,755	10,845,247
Nonregulated plant in service	80,520	80,520
Telecommunications plant under construction	35,178	-
	<u>10,957,453</u>	<u>10,925,767</u>
Less accumulated depreciation	<u>9,353,271</u>	<u>8,750,587</u>
	<u>1,604,182</u>	<u>2,175,180</u>
	<u>\$ 2,506,522</u>	<u>\$ 2,913,087</u>

**ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**  
**BALANCE SHEETS**

**LIABILITIES AND STOCKHOLDER'S DEFICIT**

	September 30,	
	2016	2015
<b>CURRENT LIABILITIES</b>		
Related party note payable, current portion	\$ 150,000	\$ -
Accounts payable	278,022	343,961
Income tax payable, parent company	22,754	4,917
Other accrued liabilities	167,401	189,407
	<u>618,177</u>	<u>538,285</u>
<b>RELATED PARTY NOTE PAYABLE</b>	<u>2,050,000</u>	<u>1,500,000</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Deferred income taxes	160,559	321,765
Other deferred credits	68,629	68,461
	<u>229,188</u>	<u>390,226</u>
<b>STOCKHOLDER'S EQUITY (DEFICIT)</b>		
Common stock (\$50 par value; 10,000 shares authorized, 4,860 shares issued and outstanding)	243,000	243,000
Additional paid-in capital	21,000	21,000
Retained earnings (deficit)	(654,843)	220,576
	<u>(390,843)</u>	<u>484,576</u>
	<u><u>\$ 2,506,522</u></u>	<u><u>\$ 2,913,087</u></u>



**ARMSTRONG TELEPHONE COMPANY - NEW YORK, INC.**  
**STATEMENTS OF OPERATIONS**

	Years Ended September 30,	
	2016	2015
Operating revenues		
Wireline		
Customer	\$ 1,125,440	\$ 1,102,734
Intercarrier		
Interstate	1,144,588	1,128,323
Intrastate	164,806	252,036
Universal service support - federal	754,335	701,975
	<u>3,189,169</u>	<u>3,185,068</u>
Internet	<u>789,583</u>	<u>516,033</u>
Miscellaneous		
Equipment	18,835	19,867
Carrier billing and collection	14,310	14,435
Other	6,174	11,875
Directory	23,886	22,440
Uncollectible	<u>(16,074)</u>	<u>(18,657)</u>
	<u>47,131</u>	<u>49,960</u>
Total operating revenues	<u>4,025,883</u>	<u>3,751,061</u>
Operating expenses		
Plant specific operations	1,210,110	1,177,592
Plant nonspecific operations	616,114	528,729
Depreciation	614,304	580,314
Customer operations	444,224	406,900
Corporate operations	1,286,723	1,329,936
Other operating taxes	173,119	195,202
Nonregulated	<u>1,010,647</u>	<u>843,636</u>
	<u>5,355,241</u>	<u>5,062,309</u>
Net operating loss	<u>(1,329,358)</u>	<u>(1,311,248)</u>
Nonoperating expense		
Interest expense	(9,068)	(3,331)
Other nonoperating income (expense)	<u>(258)</u>	<u>11,996</u>
	<u>(9,326)</u>	<u>8,665</u>
Loss before income taxes	<u>(1,338,684)</u>	<u>(1,302,583)</u>
Income tax benefit	<u>463,265</u>	<u>460,823</u>
Net loss	<u>\$ (875,419)</u>	<u>\$ (841,760)</u>

**ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**  
**STATEMENTS OF STOCKHOLDER'S DEFICIT**

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	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Total
Balance, September 30, 2014	\$ 243,000	\$ 21,000	\$ 1,062,336	\$ 1,326,336
Net loss	-	-	(841,760)	(841,760)
Balance, September 30, 2015	243,000	21,000	220,576	484,576
Net loss	-	-	(875,419)	(875,419)
Balance, September 30, 2016	<u>\$ 243,000</u>	<u>\$ 21,000</u>	<u>\$ (654,843)</u>	<u>\$ (390,843)</u>

**ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**  
**STATEMENTS OF CASH FLOWS**

	Years Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (875,419)	\$ (841,760)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation	614,304	580,314
Deferred income taxes	(161,206)	(80,001)
Change in assets and liabilities		
Receivables	(55,775)	8,236
Material and supplies	(36,524)	22,764
Other assets	18,250	20,309
Accounts and taxes payable	(48,102)	124,809
Other deferred credits	168	1,096
Accrued liabilities	(22,006)	27,479
Net cash from operating activities	(566,310)	(136,754)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net acquisition of property, plant, and equipment	(43,306)	(547,294)
Proceeds from sale of property, plant, and equipment	-	2,500
Net cash from investing activities	(43,306)	(544,794)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on related party note payable	(600,000)	(200,000)
Proceeds from related party note payable	1,300,000	850,000
Net cash from financing activities	700,000	650,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	90,384	(31,548)
<b>CASH AND CASH EQUIVALENTS at beginning of year</b>	236,260	267,808
<b>CASH AND CASH EQUIVALENTS at end of year</b>	<u>\$ 326,644</u>	<u>\$ 236,260</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash paid during the year for		
Interest	<u>\$ 4,091</u>	<u>\$ 1,526</u>
<b>NONCASH OPERATING ACTIVITIES</b>		
Exchange of equipment and materials for affiliate receivable	<u>\$ 144,606</u>	<u>\$ -</u>

## **ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Summary of Significant Accounting Policies**

**Description of entity** – Armstrong Telephone Company - New York, Inc. (Company) is an incumbent local exchange carrier that provides telephone and other related telecommunications services, Internet, inside wire, and customer premise equipment in the state of New York. The Company is wholly owned by Armstrong Holdings, Inc. (AHI).

**Accounting policies** – The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to regulated public utilities. Such accounting principles are consistent, in all material respects, with accounting prescribed by the Federal Communications Commission (FCC).

**Accounting estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include depreciation expense and interstate access revenues. Actual results could differ from those estimates.

**Cash and cash equivalents** – Cash and cash equivalents are defined as short-term, highly liquid investments that were purchased with an original maturity of three months or less and are readily convertible into cash. Cash equivalents are stated at cost and primarily consist of money market savings accounts.

**Concentration of risk** – The Company's cash is held by several banking institutions. At various times throughout the year, cash balances exceeded federally insured limits of \$250,000.

In 2016 and 2015, the Company received \$754,335 or 19% and \$701,975 or 19%, respectively, of its revenue from the Federal Universal Service Fund.

**Accounts receivable** – Accounts receivable are stated at the amount management expects to collect on outstanding balances. The Company reviews the collectability of accounts receivable annually based upon an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after issuance of the subscriber bill. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**Material and supplies** – Material and supplies are valued at the lower of cost or market determined by specific identification.

## **ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Summary of Significant Accounting Policies (continued)**

**Property, plant, and equipment** – Property, plant, and equipment are stated at original cost. Regulated plant includes assets that are jointly used for regulated and nonregulated activities. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

In accordance with composite group depreciation methodology, when a portion of Company's regulated depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation.

Depreciation of Company's nonregulated plant is provided by the straight-line method over the estimated useful lives of the assets. Upon retirement, sale, or other disposition of nonregulated investments, the cost and related accumulated depreciation are removed from the related accounts and the resulting gains or losses are included in operations.

**Income taxes** – The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to (refundable from) the tax authority are recognized on the financial statements of the parent company who is the taxpayer for income tax purposes. The members of the consolidated group allocate payments to any member of the group for the income tax reduction resulting from the member's inclusion in the consolidated return, or the member makes payments to the parent company for its allocated share of the consolidated income tax liability. This allocation approximates the amounts that would be reported if the Company were separately filing its tax returns. The result of these allocations is reported on the accompanying balance sheet under the caption "Income tax payable, parent company." The parent company files a federal consolidated tax return with tax based on a fiscal year ending September 30.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for taxable temporary differences and deferred tax liabilities are recognized for deductible temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. Interest and penalties, if any, are recorded as interest expense and other expense, respectively. As of September 30, 2016 and 2015, the Company had no accrued amounts related to uncertain tax positions.

**Revenue recognition** – Monthly service fees derived from local wireline and Internet are billed one month in advance, but recognized in the month that service is provided.

**ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Revenue recognition (continued)** – Usage sensitive revenues, such as access (revenues earned for originating/terminating long distance calls) and long distance, are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

Interstate access revenues are included in settlements based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Settlement revenues are determined by annually prepared separations and interstate access cost studies. These studies are prepared subsequent to year end and, therefore, the related revenues are recorded on the books based on an estimate of NECA pool earnings and on other assumptions related to information utilized in the preparation of the Company's cost study. The studies are subject to a 24-month pool earnings adjustment period and a review of the study by NECA. There was an insignificant revenue impact on 2015 and 2014 for adjustments related to prior year differences between the recorded estimates and actual revenues. Furthermore, management does not anticipate that 2016 and 2015 recorded revenues will require significant adjustments in future years.

Access revenues are classified in wireline revenues above as follows:

- Customer revenues include end user charges such as the Subscriber Line Charge (SLC), Federal Universal Service Charge (FUSC), Access Recovery Charge (ARC), and special access billed to end users.
- Universal service support includes the amounts received from the Universal Service Fund for High Cost Loop Support (HCLS), Interstate Common Line Support (ICLS), and Connect America Fund support (CAF).
- All access charge and settlement revenue except as described above is classified as intercarrier revenue.

Internet revenues are derived from the provision of customer access to the public Internet, excluding revenues attributable to DSL transport (line costs between the customer and the Company's equipment that routes Internet traffic). Interstate access revenues include settlements from NECA that compensate the Company for the DSL transport related to the provision of Internet services.

Wireline universal service support revenue is intended to compensate the Company for the high cost of providing rural telecommunications service. Universal service support revenue includes funds received for HCLS, ICLS, CAF, and other miscellaneous programs. HCLS and ICLS are based on the Company's relative level of operating expense and plant investment. Support from the CAF is based on a historical frozen amount related to 2011 investment and expenses associated with the switching function and certain 2011 intrastate access revenues, which together make up the CAF base. The CAF base will be reduced by 5% each year in determining CAF support.

## **ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Summary of Significant Accounting Policies (continued)**

**Regulation** – The Company's services are subject to rate regulation as follows:

- Local telephone and intrastate access revenues are regulated by the New York Public Service Commission. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Universal service revenues are administered by Universal Service Administration Company (USAC), based on rules established by the FCC.

The FCC released an Order and Further Notice of Proposed Rulemaking (FNPRM) in 2016 that reforms the High Cost Program supporting rate-of-return carriers. The following changes have been implemented to modernize the program:

- Provides support for stand-alone broadband services and investment;
- Requires broadband deployment based on the number of locations lacking service and the cost of providing service;
- Requires allowances for capital investments and limits on operational expenses; and
- Phases out support for areas served by a qualifying competitor.

The FNPRM also created two paths to receive high cost support for rate of return carriers. The model-based option is voluntary and is a fixed amount of support for ten years. The legacy mechanism reforms the existing ICLS mechanism to support stand-alone broadband and will now be known as the Connect America Fund Broadband Loop Support (CAF BLS).

Effective November 1, 2016, the Company made an election to participate in the model based option as described above.

Other sources of revenues are not rate regulated, and include long distance, equipment sales, billing and collection, and other incidental services.

Nonregulated expenses and nonregulated plant are directly attributable to the following nonregulated services: Internet and miscellaneous revenues.

All other operating expenses and telecommunications plant are related primarily to wireline revenues. However, some of these costs jointly relate to regulated and nonregulated services. For interstate access settlements, universal service support, rate case, and other regulatory purposes, the portion of these common costs related to nonregulated activities are removed in accordance with Part 64 of the FCC rules in order to ensure regulated revenues are based on costs of providing regulated services.

**ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Advertising expenses** – The Company expenses advertising costs as incurred. Advertising expenses during the years ended September 30, 2016 and 2015, were \$19,348 and \$25,852, respectively.

**Allowance for funds used during construction (AFUDC)** – The Company records as income and capitalizes as a cost of construction the cost of financing large construction projects spanning a period greater than two months. The Company uses a weighted-average interest rate based on total Company long-term debt. No amounts were capitalized at September 30, 2016 and 2015.

**Subsequent events** – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through January 10, 2017, which is the date the financial statements are available to be issued.

**Reclassifications** – For comparability, certain of the 2015 figures have been reclassified in order to conform to the 2016 presentation. These reclassifications had no effect on net loss as previously reported.



**ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 2 – Property, Plant, and Equipment**

Telecommunications plant balances, together with accumulated depreciation balances, consist of the following at September 30:

	<u>Depreciation Rate</u>	<u>Plant Account</u>	<u>Accumulated Depreciation</u>	<u>2016 Net Balance</u>	<u>2015 Net Balance</u>
Regulated					
General support assets	5 - 20 years	\$ 1,603,093	\$ 1,334,828	\$ 268,265	\$ 342,434
Central office assets	8 - 12 years	2,938,919	2,797,599	141,320	412,692
Cable and wire facilities	10 - 30 years	6,299,743	5,140,324	1,159,419	1,420,054
Plant under construction	n/a	35,178	-	35,178	-
		<u>10,876,933</u>	<u>9,272,751</u>	<u>1,604,182</u>	<u>2,175,180</u>
Nonregulated plant					
Internet	5 years	26,827	26,827	-	-
CPE	5 years	53,693	53,693	-	-
		<u>80,520</u>	<u>80,520</u>	<u>-</u>	<u>-</u>
		<u>\$ 10,957,453</u>	<u>\$ 9,353,271</u>	<u>\$ 1,604,182</u>	<u>\$ 2,175,180</u>

**Note 3 – Related Party Note Payable**

Long-term debt is as follows as of September 30:

	<u>Interest Rates (Fixed)</u>	<u>Maturity Dates</u>	<u>2016</u>	<u>2015</u>
Armstrong Holdings, Inc.	0.25% - 0.81%	2017 - 2019	\$ 2,200,000	\$ 1,500,000
Less current portion			<u>(150,000)</u>	<u>-</u>
			<u>\$ 2,050,000</u>	<u>\$ 1,500,000</u>

Maturities of long-term debt obligations for the three years following September 30, 2016, are as:

2017	\$ 150,000
2018	1,350,000
2019	<u>700,000</u>
	<u>\$ 2,200,000</u>

All assets of the Company are pledged as security for the long-term debt. Interest on debt was \$9,068 and \$3,331 for the years ended September 30, 2016 and 2015, respectively.

**ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4 – Income Taxes**

The components of the provision for income tax benefit are:

	Years Ended September 30,	
	2016	2015
Current		
Federal	\$ 302,059	\$ 380,822
Deferred		
Federal	161,206	80,001
	<u>\$ 463,265</u>	<u>\$ 460,823</u>

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before taxes due to the effects of state taxes (net of federal benefit), nondeductible items, nontaxable items, and prior year over or under accruals. There are no material deferred state income taxes at September 30, 2016 or 2015.

The components of the net deferred tax (asset) liability recorded in the accompanying balance sheets are:

	September 30,	
	2016	2015
Deferred tax assets		
Lifeline revenue	\$ (24,020)	\$ (23,961)
Allowance for doubtful accounts	(3,872)	(4,348)
Other	<u>(11,000)</u>	<u>(10,994)</u>
Total deferred tax assets	<u>(38,892)</u>	<u>(39,303)</u>
Deferred tax liabilities		
Tax depreciation greater than book	104,057	264,618
Regulatory liabilities	69,804	69,804
Prepaid expenses deducted for tax	24,876	24,871
Accrued employee benefits	<u>714</u>	<u>1,775</u>
Total deferred tax liabilities	<u>199,451</u>	<u>361,068</u>
Net deferred tax liabilities	<u>\$ 160,559</u>	<u>\$ 321,765</u>

The Company has an income tax payable to the parent company of \$22,754 and of \$4,917 as of September 30, 2016 and 2015, respectively.

## **ARMSTRONG TELEPHONE COMPANY – NEW YORK, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 5 – Pension Plan**

Armstrong Utilities, Inc. (AUI), an affiliate, has a noncontributory defined contribution retirement plan (Plan), which covers certain affiliates and substantially all employees of the Company. AUI and certain affiliates, including the Company, contribute 6% of the annual base earnings of all participants to the Plan. Pension costs for the Company for the years ended September 30, 2016 and 2015, were \$39,720 and \$37,321, respectively.

#### **Note 6 – Related Party Transactions**

The Company is an affiliate of The Armstrong Group of Companies and participated in various related party transactions listed below.

The Company received data processing, billing, and other support services from Judco Management, Inc. (Judco) in the amounts of \$578,570 and \$563,351 for the years ended September 30, 2016 and 2015, respectively. The Company also paid Judco \$27,000 for office rent for both years ended September 30, 2016 and 2015. The Company also paid Judco \$10,650 for use of the corporate airplane for both years ended September 30, 2016 and 2015.

The Company received management and other administrative services from Judco in the amounts of \$584,016 and \$589,345 for the years ended September 30, 2016 and 2015, respectively.

The Company received engineering and network support services from AUI in the amounts of \$414,580 and \$425,020 for the years ended September 30, 2016 and 2015, respectively. Additionally, the Company paid AUI \$151,866 and \$125,174 for marketing and operations support services for the years ended September 30, 2016 and 2015, respectively.

The Company provided construction services to Armstrong Telephone – North, Inc. in the amounts of \$36,857 and \$24,577 for the years ended September 30, 2016 and 2015, respectively.

As of September 30, 2016 and 2015, included in other accounts receivable, the Company had accounts receivable from affiliates of \$155,493 and \$19,831, respectively, and included in accounts payable, the Company had accounts payable to affiliates of \$112,388 and \$103,991, respectively.